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Remarks

U.S. Department of Agriculture • Office of Governmental and Public Affairs

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I am delighted to be here today. When you're a hog producer living in Washington, it's just a good feeling to get back to the Midwest. And it's a bonus when I get the chance to talk with fellow pork producers.

We have a lot to talk about today, but first maybe I could start things by relating a story to you that I heard last week in Denver. It's about a young rancher and his wife who were seen tossing coins into a wishing well.

Right away the wife asked, "Well, what did you wish for?"

With a sheepish grin, the rancher confessed, "I just wished that I could afford whatever it was you wished for."

Farmers have been doing a great deal of wishing in recent months, and I think we've set the stage to make those wishes come true. I'm talking about the "PIK" payment-in-kind program. . .which I'm convinced will speed agriculture's recovery, and down the road usher in a new wave of prosperity for farmers.

When President Reagan announced this program two weeks ago, he left no doubt in anyone's mind that he stands squarely behind farmers. His actions have demonstrated that he's willing to roll up his sleeves and do the things that are needed to restore prosperity to rural America, and to the Nation.

The president is fully aware that a healthy agriculture is the foundation for a prosperous nation. He also knows how bad times have been for many of you since early 1980. . .and that a lot of farm families have spent many a night wishing and praying that things would get better.

We don't need to spend a lot of time recalling how we got into this situation. But it is important to understand why we got here. You recall as vividly as I do the tight world food situation in the early 1970's, and how that triggered a decade of unparalleled farm production. . .easy

credit. . .heavy capital investments. . .economic expansion around the globe. . .and a huge increase in U.S. farm exports.

Then came the Russian grain embargo, an economic recession in the U.S. in 1980, recessions overseas, faltering farm exports, and two huge crops, back to back.

During the last fiscal year, farm exports dropped for the first time in 13 years. And, by the end of this crop year, we will carry over more than 150 million tons of grain in year-end stocks. That's grain for which there is no market.

That's three times the carryover we had two years ago—and it represents 60 percent of the world's total grain carryover. With that much grain in the world, it's no wonder that prices are low.

We saw that coming down the road if the 1982 crop was another bin buster on top of 1981. Last spring we offered farmers a good voluntary acreage reduction program to insure that a big 1982 crop would not knock the bottom out of prices. But a big majority of farmers decided to take a chance and stay out of the program. Many farmers hoped the other fellow would comply. . .so they could harvest more and cash in on rising prices. It is human nature to try to beat the system.

So, instead of getting the kind of participation that would have had an impact on the market in 1982, just the opposite occurred. Nationally, compliance was less than 30 percent for corn. Here in Iowa, it was under 40 percent. And, as was expected, prices fell when all that grain was harvested.

Now we have 2.2 billion bushels of corn in the reserve. . .and if farmers take the same attitude in 1983 as last year, that could go to 3 billion bushels by the end of this year. It doesn't take very much imagination to see what that would do to the corn market.

We have given a lot of thought to solving this problem. But. . .in the final analysis. . .everyone agrees we can't have a long-term improvement in prices until we reduce the size of those carryover stocks.

We simply cannot afford to produce the bin-busting crops in 1983 that we produced during the last two years. Not only are the economics against us—we don't even have enough storage on farms or in warehouses to handle another monstrous crop.

We have passed the point where we can gamble that prices will improve without a hefty cut in production. The stakes are just too high!

That's why the PIK program is so important. Unfortunately, some details of a concrete plan were delayed because Congress failed in December to clear up some points concerning our authority to operate the program.

The President took the bull by the horns and gave us permission to proceed under our exising authority. . .and that's exactly what we're doing.

I won't take time now to cover some of the details on the program that you can get from your County and State ASCS offices. Signup for the program began this week. . .and continues through March 11.

From the reactions we've been getting over the PIK telephone "hotline" we set up in Washington, farmers really are interested in this program. That makes good sense. Farmers accomplish several goals by signing up.

First, they can help reduce production and still have at least 80 percent of their normal crop at harvest to use or sell for cash.

Second, they can put at least 30 percent of their base acreage into conservation use. . .and help restore fertility to that soil and reduce erosion while waiting for another day.

Third, by reducing carryover stocks, farmers can begin to look forward to a stronger market down the road.

As you can see, this program offers unusual guarantees. I cannot recall, anytime, when the government offered farmers a more generous return for their participation in a program. Not only will farmers save expenses by not planting a crop, they also will be guaranteed most of the grain they otherwise would have produced.

Further, they can use that grain any way they want. They can feed it. . .they can use the PIK certificate to hedge on the market. . .they can forward contract their grain. . .or use it for security for another loan.

You pork producers showed a year ago that you can look ahead and take action to reduce pork production when that's needed. As a result, you have had a stronger market to carry you through these tough times.

Now, those of you who raise corn have another such opportunity. And, I hope that you will demonstrate the same kind of leadership and

good management once again. . .not only to help yourselves, but also to help your country and our nation's agriculture.

There's another feature of the PIK program that I like. It will be self-terminating when excess stocks have been used up.

In other words, it's not the kind of thing that will become entrenched in government farm programs for decades to come. . .so it's consistent with this Administration's belief in a market-oriented agriculture that can function with a minimum of government interference.

Now—a word of caution. PIK is not a magic wand. . .It's designed to readjust the supply of carryover stocks and help reduce the size of this year's harvest. It WILL NOT bring an immediate increase in farm prices and farm incomes. . .and I don't want anyone to leave this room thinking that it will.

PIK is a tool to help get us back on the road to recovery. We still must merchandise our farm products in world markets more aggressively than ever. World trade is essential to building a stronger demand for our agricultural production.

The President recognizes this—that's why he also announced in Dallas two weeks ago that he is making additional money available for the blended export credit program which worked so well last year.

By blending interest-free direct credits with government-guaranteed private credits, we're able to produce lower export interest rates to meet competition for foreign markets. As we attract additional foreign trade, that should help America's agribusinesses and increase employment. That will help the economy.

The President has made it crystal clear that he expects fair access for American farm products in international markets. We will meet unfair trade practices and restricted access to these markets with aggressive action.

We repeated that message loud and clear when we met two weeks ago in Washington, with representatives of the European Common Market. And, both the President and I gave the same message to Prime Minister Nakasone of Japan, when we met with him a little later.

You pork producers know what's at stake in export trade. Like other commodity groups, you've felt the eaffect of a 29 percent drop in

exports of pork and pork products last year, due largely to the strength of the dollar and the higher export price of your products.

Likewise, you also know about trading with Japan—which is our number one market for pork. You know about the Japanese variable levy that forces most of your pork to be used in processing instead of for table use. Beef and citrus exports have gotten the most visibilty, but I can assure you that we are not neglecting pork in our discussions with the Japanese.

The bright spot in your industry has been the export market for breeding animals. The U.S. shipped $12.7 million worth of live animals overseas during the first 11 months of 1982—compared with $8 million a year earlier. Some of Iowa's pigs were included in the large shipment to Singapore that was made from Chicago last September.

I'm also gratified by the prospects for expanding pork exports through activities of the Meat Export Federation. Some of you may know that Severin Johnson has been hired by MEF to promote your products in Latin America.

We have a strong commitment to the Federation at USDA, and will be channeling more that $1 million in promotional funds to it this year. In my opinion, one of the best things Iowa pork producers can do is to support the Federation through your National Pork Producers Council.

Let's take just a moment now to talk about PSEUDORABIES. The long-term interests of the pork industry would be served best by eradicating this disease. Tests show that pseudorabies can be eliminated from individual herds. . .but we need to determine if the same techniques can be used on an area-wide basis.

The problem confronting all of us is money. In simple terms, we will not have the funds available this year to fund the kind of trial projects that both you and I would like to have.

The next best step is the one we are following. That is to cooperate with those states—like Wisconsin and Pennsylvania—where we can contribute some staff time in the field, some technical assistance, and some laboratory diagnostic help.

In addition, we will continue our research at Ames to develop a sub-unit vaccine to differentiate between animals that are infected with pseudorabies and those that have been vaccinated.

Begining next month, we will conduct a one-year survey involving 13,500 samples to measure the increased incidence of this disease. Incidentally, our Meat and Poultry Inspection program will make use of the same samples to run a parallel survey on trichinosis.

Now, before closing, I want to take a few minutes to address a situation which seems to have captured considerable attention lately. I'm talking about the publicity given to the so-called dramatic increase in farm foreclosures.

Let's take the Farmers Home Administration first. Regardless of what has been said, there have not been massive foreclosures. In fact, during the 1982 lending season, only 844 foreclosures took place. . .that's 844 out of 270,000 borrowers at FmHA. That represents less than half a percent. . .hardly what you would call massive foreclosures.

Farmers Home has stuck by the borrowers who have met our guidelines. And when you hear those guidelines, I think you'll agree that Farmers Home has been very reasonable. They simply state that a borrower must adequately safeguard the collateral on a loan. . .must engage in sound management. . .must be willing to accept financial guidance and supervision. . .and must have a reasonable chance of recovering from their present financial situation. Using these guidelines, we've given special consideration to 40,000 borrowers already.

I'm also familiar with what the Farm Credit System has been doing to help deserving farmers stay in business, and how they and other private lenders continue to provide 88 percent of all farm financing. They have bent over backwards. . .they've gone the extra mile for many farmers. . .and they've done it without fanfare or public acknowledgment. Still, they are doing it because they know it is best for agriculture to keep good farmers in business. I think they deserve some recognition for the help they have given.

It is up to all of us to stick together and do what is best for agriculture. Our industry is going to overcome its current problems, because we already have what is needed to make it happen. We have a system that is the most efficient in the world, and we have a growth market. The demand for what we produce will continue to grow.

I am certain that our industry is going to climb out of its current problems, because we have the reservoir of experience and technology to do just that. With the addition of PIK. . .an aggressive export program to go with it. . .and best of all, with people like yourselves. . .we can't fail.

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News Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

USDA TO SEEK COMMENTS ON MILK DEDUCTIONS

WASHINGTON, Jan. 21—Proposals to implement, as of April 1, two Congressionally authorized 50-cent per hundredweight deductions from the sale of milk marketed in the United States will be published in the Federal Register for public comment, according to Secretary of Agriculture John R. Block.

The first of these two deductions was originally implemented on Dec. 1, but has been barred since Dec. 21 by a federal district court in Columbia, S.C. Block said the decision to seek comments on the proposals is in view of the court injunction.

"It was the intent of Congress that we implement these deductions," Block said. "They are the only tools we currently have to offset the excessive cost to the taxpayer of the dairy price support program. These costs now exceed $2 billion annually, and they will continue heading in the wrong direction as long as there are no incentives for cutting production.

"Government attorneys will continue to press our position concerning the legality of the original deduction that was effective last Dec. 1. If this position is ultimately upheld in court, then we intend to collect the first deduction for the Dec. 1 to April 1 period retroactively."

Block said the proposal for a second deduction will also include provisions for a 50-cent per hundredweight refund to producers who reduce their commercial marketings from quantities marketed during a designated base period.

The proposal will be published in the Federal Register next week and public comment will be accepted for 30 days following publication.

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DECEMBER RETAIL FOOD PRICES STABLE

WASHINGTON, Jan. 21—Food prices in December averaged near November levels—before seasonal adjustment, according to the

monthly consumer price index released today by the U.S. Department of Labor.

According to Assistant Secretary of Agriculture William Lesher, prices for food bought in grocery stores fell 0.2 percent in December, with prices for food away from home up 0.4 percent.

"This is the fifth consecutive month that grocery store prices have declined and continues a pattern of moderate retail food price changes," Lesher said. "This reflects generally lower farm commodity prices and continued moderation in food marketing cost increases in 1982."

The December change brought the 1982 annual average food price increase to 4.0 percent, the fourth consecutive year in which food prices have risen less than the general inflation rate. Increases in food marketing costs were the primary source of last year's food price rise. Farm-level price changes contributed little to the 1982 food price rise, reflecting large supplies of many farm foods and weak demand.

Food prices this year are expected to rise 3 to 6 percent, with current conditions suggesting an increase of near 4 percent. As in 1982, moderate increases in food marketing costs will be the source of most of the 1983 food price rise, with changes in farm commodity prices exerting little upward pressure.

Retail prices in December fell 0.7 percent for meats, led by a 1.5 percent decline in pork prices and a 0.7 percent decline in beef and veal, the result of moderately larger supplies and weak demand.

Fruits and vegetable prices increased 0.5 percent. Lettuce prices were up 29.1 percent, the result of supply disruptions from changes in harvest areas earlier in December. Fresh tomato prices also rose 12.3 percent as higher farm prices in late November were passed through to retail. Prices for oranges fell 21.7 percent, reflecting this season's large crop, thus moderating the increase in the fruits and vegetables index.

Prices for eggs were down 1.4 percent and poultry prices were down 0.8 percent, both the result of increased supplies.

November Retail Food Prices, Percent Change For Selected Items

Items	Not seasonally adjusted (November to December)	Seasonally adjusted (November to December)	1982 Annual Change
	Percent Change		
All food	0.0	-0.1	4.0
Food away from home	0.4	0.6	5.3
Food at home	-0.2	-0.5	3.4
Meats	-0.9	-1.4	4.8
Beef and veal	-0.7	-1.6	1.4
Pork	-1.5	-2.4	12.9
Other meats	-0.7	-0.7	3.0
Poultry	-0.8	-1.6	1.8
Eggs	-1.4	-6.3	-2.8
Fish and seafood	0.8	0.7	3.6
Dairy products	0.2	*	1.4
Fats and oils	0.0	*	-2.8
Cereals and bakery prods.	0.3	*	4.5
Fruits and vegetables	0.5	-0.2	5.5
Nonalcoholic beverages	-0.4	0.2	2.8
Sugar and sweets	-0.3	*	0.2
Other prepared foods	0.2	0.1	5.2

* A seasonally adjusted index is not available for these items.

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USDA SEEKS COMMENTS ON 1983 PEANUT PROGRAMS

WASHINGTON, Jan. 21—The U.S. Department of Agriculture is asking for public comment on three aspects of the 1983 peanut program, said Everett Rank, administrator of USDA's Agricultural Stabilization and Conservation Service.

USDA is seeking comments on the 1983 loan rates for both quota and additional peanuts, as required by the Agricultural Act of 1949, as amended, and on Commodity Credit Corporation export edible sales prices for 1983-crop additional peanuts which are pledged as collateral for price support loans.

The secretary of agriculture must announce the national average loan level for 1983-crop additional peanuts by law no later than Feb. 15.

Price support levels for 1983-crop peanuts and the minimum CCC export edible sales price for additional loan collateral peanuts are usually made at the same time to allow peanut producers an opportunity to make financial plans, Rank said.

The law provides that the national average support level for the 1983, 1984 and 1985 crops of quota peanuts shall be the support rate for such peanuts for the preceding crop, with adjustments to reflect any increase in the national average cost of peanut production for the preceding year, but in no event less than 27.5 cents per pound, farmers stock basis. The cost of producing 1982-crop peanuts is estimated to be below that of 1981, so the national average support level for 1983 would remain unchanged from the 1982 level of $550 per ton.

Price support rates on additional peanuts are to be set as the secretary determines appropriate, taking into account certain factors such as the demand for peanut oil and peanut meal, both domestic and foreign; expected prices for other vegetable oils and protein meals, and at a level estimated to ensure no loss to CCC from sale or disposal of such peanuts placed under loan. The 1982 additional peanut support level was $200 a ton.

A minimum CCC export edible sales price is announced at the same time as price support levels to give handlers and growers information on which to base export contracts for additional peanuts. The 1982 sales price was $475 a ton.

Send comments, by Feb. 11, to: director, analysis division, Rm. 3741-S, USDA, ASCS, P.O. Box 2415, Washington, D.C., 20013. For further information, contact: Gypsy Banks, agricultural economist, USDA, ASCS, Room 3732-S, P.O. Box 2415, Washington, D.C., 20013; (202) 447-5953.

The notice is scheduled to be published in the Jan. 25 Federal Register.

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BLOCK SELECTS COTTON BOARD MEMBERS

WASHINGTON, Jan. 24—Secretary of Agriculture John R. Block has named four members and four alternates to the Cotton Board, which administers a national cotton research and promotion program.

The cotton research and promotion program, designed to strengthen the competitive position of cotton and expand its uses, is funded entirely by producer assessments of about $2 per bale, Block said. Projects and budgets are developed and carried out by Cotton Incorporated under contract with the Cotton Board.

The U.S. Department of Agriculture monitors the program and reviews the budgets, plans and projects to see that the program is operated according to law and in the public interest.

The Cotton Board is composed of 20 members and their alternates who represent the cotton producing states.

The new appointees—members are listed first, alternates second—will serve three-year terms ending Dec. 31, 1985:

Arkansas—Carter Patteson, Jonesboro; Ross D. Hughes, Jr., Blythville.

Arizona—J.S. Francis, Jr., Phoenix; Wilbur H. Wuertz, Casa Grande.

Georgia—J. Marvin Ruark, Bostwick; Louie Perry, Moultrie.

Texas—Tommy R. Funk, Harlingen; Allan R. Anderson, Raymondville.

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USDA ANNOUNCES 1983 RICE LOAN AND PURCHASE RATES, BY CLASSES

WASHINGTON, Jan. 25—Rice farmers will receive U.S. Department of Agriculture loan and purchase rates for their 1983 crop

of $14.96 per hundred-weight for long grain and $12.21 for medium and short grain rice.

The 1982 rates were $14.75 and $12.75, respectively, according to Everett Rank, executive vice president of USDA's Commodity Credit Corporation.

For all classes of broken rice, the 1983 rate will be $6.20 per hundredweight, an increase of $1.20 over last year, he said.

Rank said the $2.75 per hundredweight differential between long grain and medium and short grains for the 1983 crop—an increase of 75 cents per hundredweight over 1982—is being increased because of the domestic and export market price relationships. Medium and short grain stocks have been increasing, whereas there is more demand for long grain rice for export, he said.

Rank also said the new rates are based on the national average rate of $8.14 per hundredweight for rough rice, unchanged from 1982.

The loan and purchase rates for rough rice will be adjusted by applicable premiums or discounts for each individual lot. The premium for U.S. No. 1 rice is being eliminated and the discounts for grades U.S. No. 2 through 6 are being increased to more nearly reflect actual marketing conditions, Rank said.

Discounts for location will be increased to reflect increases in current transportation costs to move rice from minor production areas with competitive milling facilities, Rank said.

Copies of the rates issued today are available from USDA's Agricultural Stabilization and Conservation Service state offices in rice-producing states and from the director, cotton, grain and rice price support division, room 3630-S, USDA-ASCS, P.O. Box 2415, Washington, D.C. 20013.

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FEDERAL GRAIN ADVISORY COMMITTEE TO MEET FEB. 9

WASHINGTON, Jan. 26—The Federal Grain Advisory Committee of the U.S. Department of Agriculture will meet Feb. 9, in room 2096 of USDA's South Building, 14th and Independence Streets, S.W.

The meeting, which is open to the public, will begin at 8:30 a.m. The committee plans to discuss the fiscal year 1983 operating budget of USDA's Federal Grain Inspection Service and President Reagan's proposed fiscal year 1984 budget for the agency. Discussion also will cover the quality control plan; inbound truck inspection; a report on recordkeeping requirements; adding water as a dust suppressant; barge fumigation; corn classing; establishing a moisture subcommittee; and definitions of supervision, compliance and standardization.

Anyone who wants to speak to the committee must request permission before the meeting from Kenneth A. Gilles, administrator, Federal Grain Inspection Service, USDA, Washington, D.C. 20250; phone (202) 382-0219. Otherwise, public participation will be limited to written statements submitted before or at the meeting.

The Federal Grain Advisory Committee consists of 12 members representing various segments of the grain industry, who provide advice and counsel to the administrator of the Federal Grain Inspection Service on the efficient and economical implementation of the U.S. Grain Standards Act to assure movement of grain in an orderly and timely manner.

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USDA ANNOUNCES 1983 NATIONAL AGRICULTURAL CONSERVATION PROGRAM SPECIAL PROJECTS

WASHINGTON, Jan. 28—The U.S. Department of Agriculture will provide approximately $5 million for special agricultural conservation program projects during fiscal 1983 to help meet soil and water conservation needs and to plant trees on seriously eroding cropland, Secretary of Agriculture John R. Block said today.

Block said the special projects promote cost-effective practices such as no-till and related conservation efforts. In addition, county Agricultural Stabilization and Conservation committees are authorized to continue to share with farmers the cost for reduced tillage and no-tillage under long-term agreements, he said.

The program is administered for farmers and ranchers by USDA's Agricultural Stabilization and Conservation Service through farmer-

elected county committees in nearly every county nationwide. Block said this concept continues to allow county committees to attack the most critical conservation problems, while demonstrating to producers the use of cost-effective practices in their areas.

Two other USDA agencies, the Soil Conservation Service and Extension Service, will provide technical and educational assistance required for some practices in these projects. State forestry services in the various states will provide additional technical assistance for planting trees in some of the approved project areas.

Block said allocations for special projects will be increased in 145 counties in 41 states. These funds are a part of the regular appropriation by Congress for the agricultural conservation program in fiscal 1983.

Block said he believes federal cost-sharing through designated special project areas will continue to demonstrate to more farmers how to attack the most critical conservation problems in a cost-effective manner, while maintaining good conservation efforts already being practiced on their lands.

Following is a list of states where approval has been given for special projects, with the dollar amount for each state:

Alabama	$180,000
Arizona	10,0002
Colorado	50,000
Connecticut	18,000
Delaware	116,000
Florida	150,000
Georgia	95,000
Illinois	231,000
Indiana	97,000
Iowa	100,000
Kansas	95,000
Kentucky	189,000
Louisiana	179,000
Maine	100,000
Maryland	54,000
Massachusetts	51,000
Michigan	167,000
Nevada	$50,000
New Hampshire	20,000
New Jersey	89,000
New Mexico	11,000
New York	308,000
North Carolina	163,000
North Dakota	50,000
Ohio	160,000
Oregon	95,000
Pennsylvania	250,000
Rhode Island	64,000
South Carolina	326,000
South Dakota	159,000
Tennessee	127,000
Texas	197,000
Utah	100,000
Vermont	131,000

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Minnesota	102,000	Virginia	150,000
Mississippi	111,000	West Virginia	31,000
Missouri	100,000	Wisconsin	83,000
Nebraska	98,000		
		TOTAL	$4,857,000

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